

## **Cash Creek Generation LLC**

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May 3, 2006

Mr. Andrew McNeil  
Office of Energy Policy  
Commerce Cabinet  
Capital Plaza Tower, 11th Floor  
500 Mero Street  
Frankfort, KY 40601

**RE:** *FutureGen RFP/Option Agreement between Cash Creek  
Generation and the Commonwealth of Kentucky*

Dear Mr. McNeil:

Reference is made to that certain Option Agreement ("Option") of even date herewith between Cash Creek Generation, LLC ("CCG") and the Commonwealth of Kentucky respecting a tract of land in Henderson County which is being optioned for the purposes of hosting the FutureGen project (the "FutureGen Tract").

As you know, CCG is currently developing a "mine-mouth" Integrated Gasification Combined Cycle ("IGCC") project with a maximum continuous rating of 630 MW (net) and a co-production facility located on a site in Henderson County, KY adjacent to Peabody Energy's Patriot Coal Mine and the Green River.

Pursuant to the Option, CCG has made available to the Commonwealth approximately 212 acres to serve as a potential site for FutureGen.

CCG believes that if the Cash Creek project goes forward as planned and the Commonwealth is successful in its efforts to bring FutureGen to Kentucky that the two projects will be positioned to extract certain synergies by being located in proximity to one another.

In support of those efforts, CCG agrees that, if the FutureGen Tract is selected as the site for the "FutureGen" Project, CCG is willing to enter into negotiations to potentially share costs relating to infrastructure, supply lines and any other areas in which efficiencies or economies of scale can be achieved between "FutureGen" and CCG's IGCC project in a manner which is mutually advantageous to all parties concerned.

Items for which costs may be shared include, but are not limited to:

- Water Supply;
- Electric Substation and Transmission;
- Natural Gas Supply;

- Fuel Supply (conveyor and barge);
- Slag Disposal;
- Operations & Maintenance;
- Steam, Oxygen and Syngas Supply to Enhance Reliability (interconnection between gasification plants);
- Water Treatment;
- Stormwater Run-off and Wastewater discharge;
- Auxiliary Equipment (aux. boiler, fire pumps, etc.); and
- Overall site maintenance (groundskeeping, security, etc.).

Attached hereto is a site plan which depicts, in part, such synergies. CCG is pleased that the Commonwealth has chosen the CCG site as a potential host for FutureGen and is prepared to support the Commonwealth in its efforts to bring FutureGen to Kentucky. We are prepared to discuss these items with you and with representatives of the FutureGen Alliance at your convenience. Should you have additional questions, please contact David Schwartz at 502.357.9902.

Very truly yours,



Michael L. McInnis  
Manager – Cash Creek Generation

Attachment



